

**From:** Bob Slate  
**To:** 'Microsoft.atr(a)usdoj.gov'  
**Date:** 11/7/01 7:29pm  
**Subject:** Caveats: experience from the EEC settlement against IBM

To Whom It May Concern:

With regard to the current action/settlement with Microsoft (which I have not followed in detail), and possible EEC actions against Microsoft, it brought to mind some caveats which might be of interest given my previous job at Amdahl Corporation with a parallel with an anti-trust settlement by IBM with the EEC.

In 1984, IBM settled an anti-trust action by the EEC by agreeing to the "Undertaking" which allowed for competitors to request interface information so that products of competitors could "attach" to those of IBM. This information was to be provided within 120 days of IBM making an announcement of a product using those interfaces. Amdahl was a competitor of IBM, manufacturing System/390 plug-compatible mainframes. Amdahl was able to make interface requests and receive such information, sometimes with very onerous charges. After 10 years (around 1994), IBM decided to drop the Undertaking, claiming that it had adopted it unilaterally, rather than it being imposed. In the subsequent years, the prices of the interface specifications skyrocketed: several page specifications cost hundreds of thousands of dollars, and 100+ page specifications cost several millions of dollars. IBM oftentimes delivered specifications YEARS after they shipped their products, which made life difficult when the market required that a new product be delivered every year. It was easy to fall behind and lose customers. Losing customers meant less revenues, and less revenues made it tough to foot the bill for expensive specifications which ended up being a sizeable component of an engineering budget.

By 2000, IBM's competitors in the System/390 mainframe arena had dropped out of the market. Today IBM enjoys a monopoly again in that market segment.

A lesson to be learned here is that competition can thrive only when barriers to competition are not onerous. A monopolistic entity with vast financial resources can charge onerous fees for interface specifications, making it impossible for very small software companies to obtain the information that they will need to create products needed for their survival.

The setting of the prices of the interface specifications cannot be under Microsoft's control. Reasonable time limits for delivery of complete interface specifications must be established by an independent body.

Thank you for your attention.

Bob

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